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COPY NO.

OCI NO. 5012/59

8 October 1959

CURRENT INTELLIGENCE WEEKLY SUMMARY



DOCUMENT NO. 10

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CLASS. CHANGED TO: TS S ©1989

NEXT REVIEW DATE:

AUTH: HR 70-2

DATE: 16/8/79

REVIEWER:

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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State Department review completed

24-228517
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CONFIDENTIAL**CURRENT INTELLIGENCE WEEKLY SUMMARY****8 October 1959****T H E W E E K I N B R I E F****PART I****OF IMMEDIATE INTEREST****SINO-SOVIET RELATIONS IN THE LIGHT OF PEIPING'S TENTH ANNIVERSARY Page 1**

Developments in connection with Khrushchev's visit to Peiping for the tenth anniversary of the Chinese regime suggest that differences in views on foreign policy tactics and ideological matters remain as irritants in the Sino-Soviet relationship. The Chinese have publicly hailed Khrushchev's visit to the United States and his disarmament proposals. However, they apparently have reservations about the long-term effects of the USSR's present posture toward the United States. The Chinese also strongly reaffirm Peiping's position that the commune will be China's basic social unit after "entering Communism," despite the Soviet statement that the commune is "impossible" in the future Communist society. Present Chinese propaganda acknowledging dependence on the Sino-Soviet alliance, however, reflects Peiping's desire to avoid a showdown with Moscow. [REDACTED]

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SITUATION IN LAOS Page 3

The situation in Laos continues to be characterized by skirmishes at widely scattered points throughout the country and by Communist propaganda and recruitment activities in the hinterland. Such activity may increase, as the monsoon rains now are subsiding. Most delegates of the UN subcommittee, having completed a limited field survey in northern Laos, are expected to leave shortly, but a few will probably remain to assure a continuing UN presence. [REDACTED]

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MIDDLE EAST HIGHLIGHTS Page 4

Increased factional strife and a wave of arrests of members of the several Iraqi groups suspected of plotting against the regime are expected to follow the attempt on 7 October to assassinate Prime Minister Qasim. A new propaganda battle between the UAR and Jordan may cause King Husayn to decide against meeting with Nasir at a tripartite conference which King Saud of Saudi Arabia has been trying to arrange. High-level negotiations in Cairo between the UAR and Sudan on sharing the Nile waters are scheduled to begin on 10 October; prospects for agreement are not bright. The Imam of Yemen, who has re-established his dominant political position, now faces a financial crisis. [REDACTED]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****8 October 1959****PART II****NOTES AND COMMENTS****EAST GERMANY CELEBRATES TENTH ANNIVERSARY Page 1**

The East German regime, celebrating its tenth year in power, is using the occasion to emphasize its claim to status as a full-fledged sovereign state. The Communists, pointing to their equal representation with West Germany at the Geneva conference, contend that a turning point has been reached in the struggle to reverse the West's policy of nonrecognition. Soviet Deputy Premier Kozlov declared in a speech that the West German doctrine that no country other than the USSR having diplomatic relations with East Germany shall be recognized by Bonn is beginning to crumble. The East Germans punctuated their claim to sovereignty by unfurling a new national flag over the elevated rail installations they control in West Berlin.

BRITAIN RECEPTIVE TO INCREASING EAST GERMAN VISITS Page 2

London has been generally receptive to the growing number of East German officials visiting the United Kingdom to promote the Ulbricht regime's prestige. During the election campaign the British Government was especially sensitive to Allied efforts to discourage such travel. Britain's policy of furthering contacts with East Germany will be an additional factor clouding relations with Bonn.

ALGERIA-FRANCE Page 2

A resurgence of extremist activity by European settlers in Algiers has followed De Gaulle's proposals for Algerian self-determination. The settlers fear eventual loss of power and reprisals from the Moslem population. Rightist opposition will probably attempt to make itself felt in the French Parliament, which reconvened on 6 October, but no serious threat to the Debré government is likely. In Tunis, Algerian rebel leaders appear to be awaiting world reactions to their reply to De Gaulle and are sensitive to any suggestion that their attitude foreshadows a capitulation.

FRENCH NUCLEAR WEAPONS PROGRAM Page 3

France probably now has all the components required for testing a nuclear weapon

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DISARMAMENT - 14TH UN GENERAL ASSEMBLY Page 5

With five separate disarmament items on its agenda, the UN General Assembly will give precedence to the new ten-nation disarmament forum. Debate will be long-drawn-out, particularly during assembly discussion of the USSR's call for "complete and general disarmament." The Soviet proposal and the other disarmament items will probably be referred to the ten-nation group for study.

BELGIAN FINANCIAL CRISIS Page 5

The Belgian Government may be faced with a treasury crisis which could bring down the Social Christian - Liberal coalition. While a long-term loan from the Belgian National Bank might stave off the crisis, the bank opposes such a move on the grounds that the solution to periodic budget deficits is higher taxation--a course strongly opposed by important elements in the coalition government.

NEW HUNGARIAN FIVE-YEAR PLAN (1961-65) Page 6

Hungary's economic plan for 1961-65 calls for a 65-70 percent increase in industrial output over 1958 and a 30-32 percent rise in agricultural production over the 1954-58 average. A respectable rise in per capita real income is also promised. While targets are generally realistic, not all programs are likely to be completed on schedule because of competition for investment resources, difficulties in raising labor productivity, and problems in meeting agricultural targets. Some revisions of individual goals probably will prove necessary before the end of the plan period.

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RELATIONS BETWEEN CAIRO AND PEIPING DETERIORATE Page 8

In providing expatriate Syrian Communist leader Khalid Bakdash a forum from which to denounce Nasir, Peiping has shown it will support Middle Eastern Communists despite the increased frictions with the UAR such a policy was bound to bring. Nasir has recalled the UAR chargé and sent a stiff protest to Peiping. The Chinese, convinced that Nasir is trying to undermine Peiping's standing with the Afro-Asian neutrals, have not yet replied to bitter UAR press attacks.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****8 October 1959****PART II (continued)****TIBETAN BORDER PROBLEMS Page 9**

Nepal and Pakistan, as well as India, are showing increasing concern over their border problems with Communist China. Nehru's recent letter to Chou En-lai insisting on Chinese evacuation of Longju and other border outposts probably will result in an impasse in the Sino-Indian dispute. Nepal has taken the initiative and requested the Chinese to "clarify" their stand on the Nepalese-Tibetan border. Pakistan has sent troop reinforcements to its frontier areas adjacent to Sinkiang. [REDACTED]

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INDIAN LEADERS PLAN TO SPLIT BOMBAY STATE Page 10

Prime Minister Nehru and other Congress party leaders have reversed their stand and now are planning to partition Bombay State, India's largest, probably in April 1960, to forestall an outbreak of violent agitation by linguistic groups which have long advocated partition. Such agitation could seriously threaten the Congress party's control of Bombay. Partition would create many problems, but should enable the Congress to recover some of its strength in Bombay by depriving opposition groups of their most important issue. [REDACTED]

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SUKARNO AND THE INDONESIAN ARMY Page 12

President Sukarno has recently demonstrated a renewed concern to balance the army's influence in government by making concessions to Communist and other leftist political forces. Rumors of an impending army coup undoubtedly have played a part in Sukarno's uneasiness. [REDACTED]

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MALI FEDERATION MOVING TOWARD INDEPENDENCE Page 12

Leaders of the Federation of Mali, made up of the autonomous French Community republics of Senegal and Soudan, have begun to implement their local political commitment to gain juridical independence for Mali at an early date. They intend to keep this West African area within the Paris-subsidized Community, which they hope will be altered so as to include a multinational confederation. De Gaulle, with his recent emphasis on the Community's "evolutional character," seems to have accepted in principle the Mali leaders' cautious approach. [REDACTED]

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STATE OF SIEGE ENDS IN BOLIVIA Page 14

The recent lifting of the state of siege in Bolivia marks a temporary bridging at least of the sharp division between the moderate and left wings of the government party and suggests that bitter left-wing criticism of the administration's cooperation with the United States may

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****8 October 1959****PART II (continued)**

decrease. The approach of the party's presidential nominating convention in December appears to be a strong force for party unity. [REDACTED]

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DOMINICAN POLITICAL SITUATION WORSENS Page 15

Generalissimo Rafael Trujillo of the Dominican Republic is facing more internal opposition to his regime than at any time since he came to power in 1930. The Dominican people, who had become accustomed to the prosperity which Trujillo brought them, now are restless under the economic hardships caused by heavy military expenditures during the past year. [REDACTED]

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PART III**PATTERNS AND PERSPECTIVES**

EXPANSION OF SOVIET ACTIVITIES IN THE ANTARCTIC Page 1

The USSR, with bloc participation, is stepping up its already extensive operations in the Antarctic. Recent announcements indicate that the fifth Soviet expedition--which will include East German and possibly Chinese Communist personnel--will seek to establish three new temporary stations, make another attempt to land a party in western Antarctica, and try to complete a trans-Antarctic glaciological traverse by mid-1960. Long-range Soviet plans for Antarctic activity apparently call for increased whaling operations, the use of the atomic icebreaker Lenin, and the inauguration of nonstop air service from the USSR.

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ULBRICHT REGIME PLANS TRANSFORMATION OF EAST BERLIN . . . Page 4

In connection with East Germany's tenth anniversary on 7 October, the Ulbricht regime is publicizing ambitious plans to transform East Berlin into a showplace of German "socialist culture" and a suitable "national" capital to rival West Berlin. The program, which forms part of East Germany's Seven-Year Plan for 1959-65, is also designed to demonstrate the regime's determination not to permit East Berlin to become a part of any "free city" of Berlin. Unless East Germany's financial stringencies can be solved and its uninspired building methods improved, however, the new city is likely to be as shoddy as the notorious Stalinallee housing development. [REDACTED]

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PART III (continued)**GHANA AS AN INDEPENDENT STATE Page 11**

Since 6 March 1957, when Ghana became independent, Prime Minister Nkrumah's regime has made considerable progress in consolidating its power at home and in expanding its influence. Domestic opposition has been largely stifled and internal stability secured, the economy has been kept on an even keel, a neutralist course not unfriendly to the West has been charted, and Accra has become a focal point of militant pan-Africanism. The regime has become increasingly more authoritarian, however, and basic weaknesses are already impeding the progress of this "model" new African state.

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****8 October 1959****PART I****OF IMMEDIATE INTEREST****SINO-SOVIET RELATIONS IN THE LIGHT OF PEIPING'S TENTH ANNIVERSARY**

Developments in connection with Khrushchev's visit to Peiping for the tenth anniversary celebration of the Chinese regime suggest that differences in views on foreign policy tactics, methods of "socialist construction," and ideological matters remain as irritants in the Sino-Soviet relationship. Mao and Khrushchev, who held several days of well-publicized talks during the visit, failed to issue the customary joint communiqué. It seems probable that their views differed so much that compromise language could not be agreed upon.

While Peiping is apparently willing to publicly endorse Khrushchev's visit to the US and his disarmament proposals, its foreign and domestic policies apparently require it to maintain that the threat of American "aggression" remains. In contrast to Soviet statements, Foreign Minister Chen Yi--in a special article written for *Izvestia* for the Chinese anniversary--complained that "so far" the United States has not "repudiated its policy of aggression and war," as witnessed by its "continuation" of the cold war, continued construction of foreign military bases, "active" rearmament of Japan, and "continuing occupation of Taiwan."

Khrushchev completely dissociated the USSR from this line in his statement on leaving Peiping, declaring that "Communists of the Soviet Union consider it our sacred duty and primary task" to end the cold war and guarantee the "triumph of the cause of peace."

The Chinese leaders apparently view their policy toward the United States as requiring tactics significantly different from those now being pursued by Khrushchev. That American hostility to the Peiping regime must be met with "tension" rather than a display of "weakness" is a cardinal principle of the Chinese leaders, who have said that the



United States will not change its policy toward China "of its own accord." In his *Izvestia* article, Chen Yi reaffirmed the central theme of Peiping's tactics: "The people of the world still have to wage long-term struggles again and again against

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American imperialism in order to achieve the relaxation of international tension."

The Chinese are apprehensive that friendlier US-USSR relations will prove detrimental to their interests, which are opposed to the maintenance of the status quo in the Far East. On the Taiwan and Lao-tian issues, the Chinese have directed their principal invective against the United States as the "aggressor," apparently in the belief that consistent opposition to American policy will eventually lead to a reduction of American influence in the area. This line probably is also useful in Peiping's domestic program, as the Chinese have stated that "face to face with the American aggressor, the Chinese people are forced to intensify their work and build economically backward China into an advanced, industrialized, and socialist power."

Khrushchev's failure during the celebrations in Peiping to support publicly the Chinese on the specific issue of Taiwan reflects his desire to avoid issues which run counter to his posture of peaceful coexistence with the United States. This silence, however, does not imply repudiation of Moscow's commitment in September 1958 that any attack on Communist China would be regarded as an attack on the USSR.

The Chinese leaders apparently felt the need at a major regime celebration to reaffirm their long-term objectives toward the offshore islands and Taiwan. Peiping, however, has shown no disposition to develop the "liberate Taiwan" theme into a major

propaganda campaign for the present. Present Chinese statements speak of "liberating" Taiwan "in one way or another," but imply no sense of urgency.

Despite the difference in Sino-Soviet views, Chinese statements during Khrushchev's visit suggest that the Chinese are aware of their dependence on the USSR and do not wish to push present differences to the point of impairing the alliance. An editorial in People's Daily on 3 October stated that the Chinese people regard the steady strengthening of their unity with the USSR, "their great ally," as an important guarantee of the "prosperity and strength of their country as well as their sacred international duty."

Central committee Secretary General Teng Hsiao-ping, in an anniversary article for Pravda, revived Mao's own formulation on the leadership position of the Soviet Communist party as well as the Soviet Government. Teng stated that "the unity of the socialist camp headed by the Soviet Union, and the unity of the international Communist movement with the Communist party of the Soviet Union at its center, form the core of even more extensive international unity."

Khrushchev's failure to endorse the communes and economic policies connected with Peiping's "leap forward" shows that the two leaders were unable to find a formula to bridge their differences and that these issues will continue to harass Sino-Soviet relations. Soviet propagandists are still attacking the commune concept, and one writer has recently

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stated that the commune is "impossible" in the future Communist society.

The Chinese leaders, however, appear deeply committed to the concept and, in the face of Soviet and domestic opposition, are insisting on the "superiority" of the communes over the former cooperatives. Government chairman Liu Shao-chi and Teng Hsiao-ping have recently stated that the commune will be the best form of social organization for the future "gradual transition to the Communist society."

As in previous Sino-Soviet ideological differences over the past 10 years, the Chinese are again indicating their determination to manipulate ideology for domestic purposes

and in order to increase their prestige as a "creative" Marxist party. Liu Shao-chi stated in his anniversary article for the October issue of the bloc's theoretical journal, Problems of Peace and Socialism, that although "revolution and construction in China have features peculiar to this country," it is also "possible that some of these important special features may reappear in some other countries." Liu concluded, "In this sense, Chinese experience is to a certain degree of international significance."

Liu avoided saying that the communes and the "leap forward" policy were what he had in mind, but he apparently felt that his readers could easily draw their own conclusions.

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SITUATION IN LAOS

The situation in Laos continues to be characterized by small-scale skirmishes at widely scattered points throughout the country and by Communist propaganda and recruitment activities in the hinterland. Such activity may increase, as the monsoon rains are now subsiding.

In Sam Neua Province, the Laotian Army is attempting to retake ground lost in the 30 August Communist attacks on a series of posts along the Nam Ma River, but the extent of its success is unclear.

capture of two of these posts--Muong Het and Xieng Kho. However, accord-

ing to subsequent press reports, these posts were once more abandoned.

Muong Het, at least, is again definitely in enemy hands. In the western corner of the province, a Communist force which for some weeks has been threatening the government position at Muong Son is reported to have begun an attempt to take the post.

In southern Laos, reports persist of the presence there of approximately 300 armed Vietnamese who presumably came from the Communist-dominated Vietnamese refugee communities in northeast Thailand.

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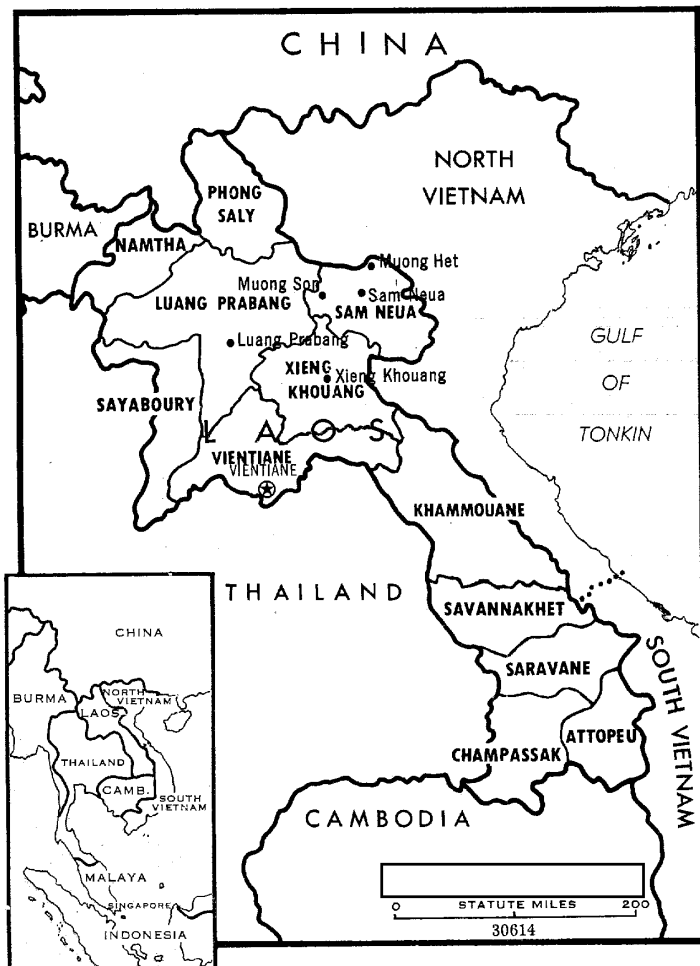
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the frontier in very small groups. In any event, the Laotian Army is in a poor position to counter the apparently increasing guerrilla activity in the south because the bulk of its forces are deployed in the northern provinces.

The UN subcommittee has completed a limited field survey in Sam Neua and Luang Prabang. Although UN Secretary General Hammarskjold expects the subcommittee to return soon to New York to draft its report, he will probably advise the delegates' governments to leave a few representatives in Vientiane in order to assure a continuing UN presence. Some delegates are looking forward to an early departure from Laos, but others are willing to stay on to try to survey the forward areas if heli-

while the refugees have displayed only limited interest in joining the Communist insurgents in Laos, as many as 300 may have filtered across

copters can be made available. A final decision on these matters will probably be made shortly at UN headquarters in New York.

MIDDLE EAST HIGHLIGHTS**Iraq**

A wave of arrests of members of groups suspected of antiregime plotting--pro-UAR

Iraqi Baathists, Iraqi nationalist elements, and some anti-Communist army officers--is expected to follow the unsuccessful attempt on 7 October to

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assassinate Prime Minister Qasim. Baghdad has remained quiet, with special security precautions quickly taken by the government, army, and police.

The assassination attempt was made on 7 October while Qasim was being driven along Rashid Street in downtown Baghdad. The identity of his assailant is unknown; government releases have described the attacker only as "a sinful hand" and have not said whether or not he was apprehended.

The official medical bulletins describe Qasim's condition as "good" and calling for "no anxiety." They say he was struck by three bullets in non-vital parts of the body and suffered only a flesh wound and a fractured shoulder. Qasim is reported to have emerged from the hospital where he was taken for treatment to show himself to Iraqi crowds and reassure them, and, a few hours after the shooting, Radio Baghdad broadcast a short recorded Qasim speech calling for calm and unity. Qasim, as a martyr who nearly gave his life in "doing his duty for the Iraqi people," appealed for support from all Iraqis.

Military Governor and Army Chief of Staff Abdi, [redacted]

[redacted] has issued the government's bulletins on the prime minister's condition and the decrees establishing a curfew in Baghdad and its suburbs and prohibiting any gatherings or demonstrations anywhere in Iraq. At the moment, with Qasim partially incapacitated, Abdi appears to be the key figure in the Iraqi Government.

The assassination attempt has increased the possibility

of major factional strife inside the country. Since the expected roundup of antiregime elements will focus on members of pro-UAR and anti-Communist nationalist groups, the Iraqi Communist party is likely to gain new strength and influence within the government. The Communists have already rallied to Qasim's support, and crowds are reported to have chanted, "Long live Qasim; death to Nasir." If Qasim remains incapacitated for any considerable length of time, clashes between the various internal factions are likely, and a breakdown in public order and control is a possibility.

A semiofficial Cairo newspaper has declared that it was the Iraqi Government's "import of alien policies" which led to the attempt on Qasim's life. The Cairo press alleges that Baghdad lived through a subsequent night of terror, with Communist-controlled Popular Resistance Forces out shooting in the streets, large numbers of nationalists being arrested, and "fresh massacres of nationalists" soon to be expected.

Direct military intervention by the UAR in Iraq is unlikely unless the Iraqi Government loses control and major factional strife takes place.

UAR-Jordan

The recent trend toward a detente between the UAR and Jordan has been arrested by a new propaganda battle between the two countries. On 30 September, at a time when Cairo was trying to enlist the support of other Arab nations for its new campaign against the aggressive policies of "imperialist Red China," an Amman radio commentary charged that

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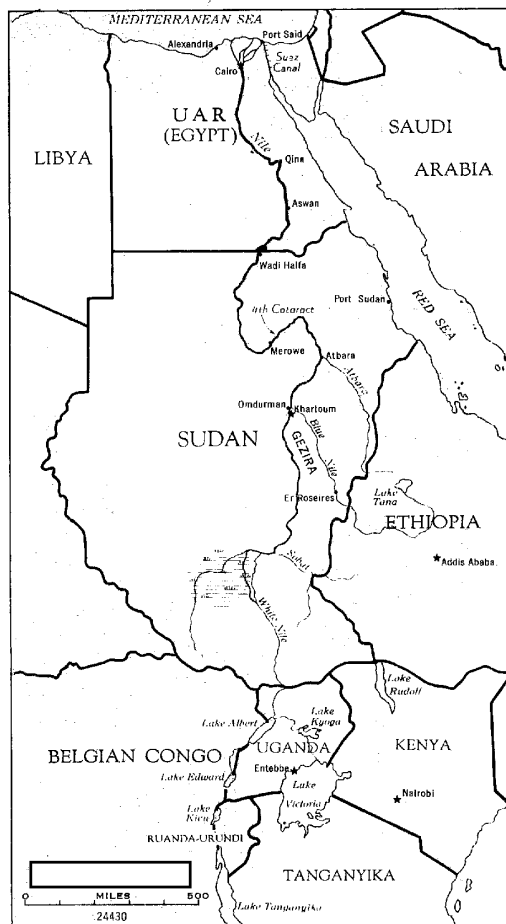
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it was the UAR which had "opened the door" to Communism in the Middle East in the first place. Cairo's Voice of the Arabs has subsequently attacked Jordan as "an opportunist" following "the orders of imperialists," who are aligned with Communists against Arab nationalism.

As a result of the propaganda controversy, Jordan's King Husayn may decide against meeting with UAR President Nasir at a tripartite conference which King Saud of Saudi Arabia has been trying to arrange since his early September talks with Nasir in Cairo.

UAR-Sudan

New high-level negotiations between the United Arab Republic and the Sudan on sharing the Nile waters are scheduled to begin in Cairo on 10 October. While the chances that agreement will be reached are small, they appear somewhat better now than during the past two years, when each round of discussions ended with very wide differences between the two countries' positions. Negotiation of a solution is further complicated by the insistence of the other riparian states--Kenya, Uganda, and Tanganyika, for whom Britain is spokesman, and particularly Ethiopia--that they should have a voice in any settlement.

The need for a Nile waters agreement has been dramatized by Soviet engineers' preparations to begin construction of the UAR's Aswan High Dam and by the Sudanese Government's public commitment to proceed with its Roseires Dam project as soon as the needed credit can be obtained. The World Bank has delayed consideration of a \$100,-000,000 loan for the Roseires Dam pending Sudanese-UAR agreement on distribution of the Nile waters. With or without this dam, the Sudan's program for cotton-acreage expansion requires a steady increase in the amount of water diverted within Sudanese territory for irrigation purposes.

Completion of the Aswan High Dam in Egypt would create a huge reservoir extending up-river into Sudanese territory and displacing large numbers of Sudanese from their homes in the Wadi Halfa district. Failure to reach accord and consequent reliance on the principle of

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dividing the Nile waters by unilateral grab would quickly strain UAR-Sudanese relations to the breaking point.

For months, the UAR has offered blandishment in an effort to persuade the Sudan to undertake high-level negotiations and to convince the Sudanese public that the Nasir government is ready and eager to end all UAR-Sudanese disagreements. The unstable Sudanese military government, however, remains suspicious of Cairo's intentions, fearing that the UAR will try to blame it for any failure in negotiations.

Already faced with strong internal political pressures for a return to civilian government and with new plotting by dissident elements in the army officer corps, the Abboud government is anxious to avoid a deterioration of relations with the UAR. Nevertheless, a UAR propaganda barrage in the wake of unsuccessful talks would probably impel Abboud to reply

in kind, in an effort to rally anti-Egyptian Sudanese public opinion behind him.

Yemen

The Imam, having re-established his personal political dominance in Yemen, is now threatened by a growing financial crisis. The government financial shortages, which have become apparent in the lack of pay for government officials and the army, are almost certain to arouse public resentment against the Imam.

The American chargé, reporting the consensus of his Western colleagues in Yemen, says the Imam needs some \$3,000,000 to \$5,000,000 to "tide him over." The director general of the Foreign Ministry is scheduled to visit Moscow sometime this month, at which time the USSR might seek to improve its position in Yemen by granting the Imam some assistance.

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PART II

NOTES AND COMMENTS

EAST GERMANY CELEBRATES TENTH ANNIVERSARY

The East German rulers are using a two-week celebration, built around the tenth anniversary in power on 7 October, to point up what they consider their country's enhanced international position. This celebration climaxes a persistent propaganda campaign designed to show that East Germany is gradually being accepted by the West as a sovereign state, and that his development is "inevitable," despite West German efforts to oppose it. The Ulbricht regime looks on this occasion as the turning point in East Germany's progress from the position of a virtual pariah among nations to that of a full-fledged sovereign state.

Soviet First Deputy Premier Kozlov asserted in a speech on 6 October that West Germany's "notorious Hallstein doctrine"--that no country except the USSR having diplomatic relations with East Germany shall be recognized by Bonn--is beginning to crumble. He said Bonn's efforts to preserve "the international isolation of East Germany" have been in vain. He pointed to East Germany's participation in the Geneva conference on an equal footing with the Bonn republic as evidence that even the Western powers have had to recognize the Communist regime's existence.

Several speakers castigated West Germany in the usual vituperative terms, but nonetheless called on Bonn to negotiate with the East Germans

the formation of a committee or confederation as the first step to reunification. No new proposals were made in the speeches, which dwelt monotonously on East Germany's economic achievements during the ten-year period and the overwhelming popular support enjoyed by the Communist programs.

In another move to point up East Germany's sovereignty, the new East German flag, the West German tricolor with a hammer and compass insignia superimposed on it, was unfurled on 6 October over the West Berlin elevated rail installations, which remain under East German control. When West Berlin police sought to remove the flags, several clashes occurred between them and Communist "workers," the most serious of which was a pitched battle between about 80 rail employees and a small police force at the elevated repair shops in Gruenewald.

On 7 October, some 60 East German flags were still flying over elevated installations in West Berlin. The West Berlin authorities deferred further action, but an uneasy situation prevails, exemplified by a West Berlin trade union leader's assertion that he may not be able to restrain the workers from taking action to remove the flags. The East Germans have sent members of the workers' militia to guard at least some of the elevated installations in West Berlin.

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BRITAIN RECEPTIVE TO INCREASING EAST GERMAN VISITS

London has been generally receptive to the growing number of East German officials visiting the United Kingdom to promote the prestige of the Ulbricht regime. The policy of furthering exchanges with East Germany will be an additional factor clouding relations with Bonn.

The Ulbricht regime is exploiting its tenth anniversary celebration on 7 October with a special exhibit which opened in London on 29 September and will tour 18 British cities. The East Berlin symphony orchestra is appearing in London's Royal Festival Hall. A special delegation from Dresden is visiting "sister city" Coventry on invitation of the Laborite lord mayor.

Visas were also granted to Deba Wieland, the Russian-born director of the East German news agency ADN, to accept an invitation from Reuters, which opened an East Berlin office last May, and to Arthur Pieck, director of the regime's civil airlines, to attend the annual Farnborough air show staged by British plane manufacturers in September. Pieck is the son of the East German President. Delays by the Allied Travel Office in West Berlin in granting the necessary authorization prevented Pieck's attendance.

Although on occasion the Foreign Office has shown annoyance at Home Office action in issuing visas, certain Foreign Office officials have strongly objected to further Allied efforts to exclude Wieland and the Dresden delegation in the election campaign period. As a general principle, the British consider the expansion of trade and personal contacts compatible with Western objectives of breaking down East-West barriers. On 1 October the Foreign Office agreed to discuss with the United States and France "principles and categories" of East German travel. Knowing Bonn's hostility toward any seeming enhancement of East Germany's status, the British prefer to postpone discussion with the Federal Republic.

In any event, Britain's willingness to countenance continued visits by East Germans is bound to hamper its already strained relations with Bonn. The Labor party is more inclined than the Conservatives to disregard the Federal Republic and therefore more favorable to promoting East German contacts. "Shadow cabinet" members Aneurin Bevan and George Brown have told the American Embassy they advocate Western dealings with the Ulbricht regime on a de facto basis.

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ALGERIA-FRANCE

Rightist European settlers are fearful that exercise of Algerian self-determination as proposed by President de Gaulle would leave them at the mercy of a vengeful Moslem majority, and this concern has led to a resurgence of extremist activity

in Algiers.

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In France the rightist opponents of De Gaulle's program will attempt to make themselves heard in Parliament, which reconvened on 6 October, but no serious threat to the Debré government from this quarter seems likely. This belief is borne out by Debré's decision to permit the National Assembly to debate the Algerian proposals following his general policy statement on 13 October. Indications of a large assembly majority may also have influenced the government's decision to permit the assembly to vote following the debate--this would be the first vote allowed in this body on a major policy--since De Gaulle seems anxious to demonstrate general support for his proposals in order to strengthen his hand in dealing with the rebels and to isolate his rightist critics.

An attempt by two extreme rightist deputies to organize a motion of censure failed because many opposed to the De Gaulle proposals were unwilling to sign the motion as required by the new constitution. Rightist hopes of again rallying military support may have been revived as a result of a meet-

ing of 700 army reserve officers in Paris on 27 September. This meeting passed a resolution flatly endorsing retention of "French Algeria," pointedly omitting any reference to De Gaulle, and declaring solidarity with the army in Algeria.

In Tunis, a leading member of the Algerian provisional government

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said the rebels prefer to wait for the development of foreign reaction to their reply to De Gaulle before opening conversations. He alleged that opinion in France was developing in favor of the Algerians.

The Algerian rebels remain sensitive to any suggestion that their attitude foreshadows a capitulation. Although the official rebel newspaper editorially described De Gaulle's Algerian program as having "corrected the disgraces of the past and opened the door to Algerian reality," a subsequent communiqué stated that while the rebels were prepared to negotiate "from strength," the rebel army must "harass the enemy and remain firm...until the sun of liberty rises."

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FRENCH NUCLEAR WEAPONS PROGRAM

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France probably now has all the components required for testing a nuclear weapon

The French Government has laid stress, however, on possession of a nuclear weapon as an important prestige factor vis-a-vis the other members of the French Community.

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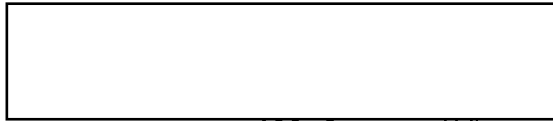
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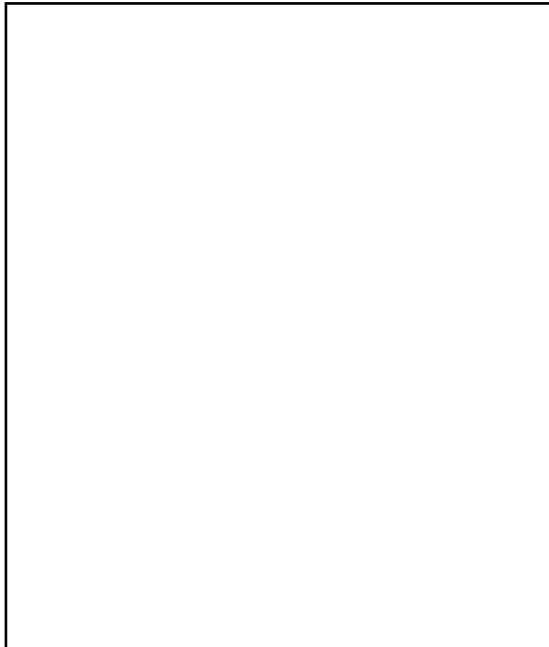
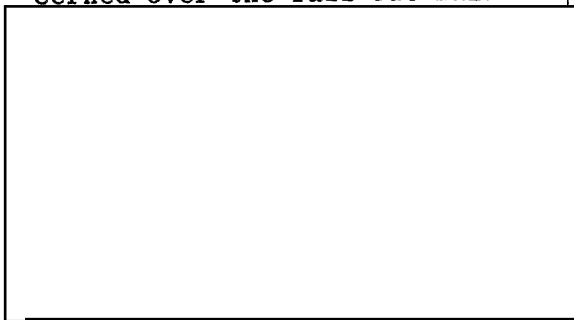
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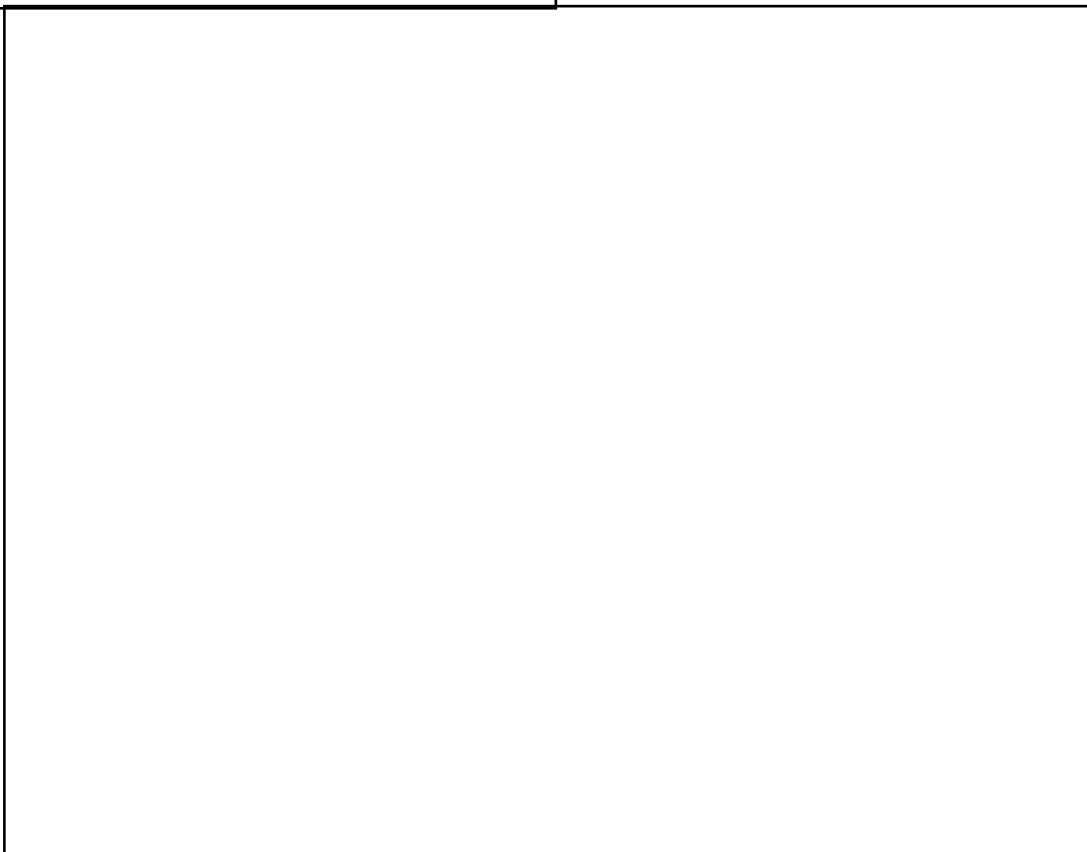


France will face a difficult debate when the UN General Assembly, possibly by late October, discusses the Moroccan item opposing the French tests. Morocco has the support of African states bordering the Sahara and other UN members concerned over the fall-out hazard.

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DISARMAMENT - 14TH UN GENERAL ASSEMBLY

UN members' preoccupation with disarmament and nuclear testing is highlighted by the fact that this assembly session has five separate disarmament items on its agenda. The assembly's political committee begins debate next week with the Soviet proposal for "complete and general disarmament" as its first item. The chief Soviet UN delegate has predicted that this debate would take up a "month and a half of the 14th General Assembly's time." Nevertheless the assembly will probably refer the Soviet proposal to the recently formed ten-nation disarmament forum for study.

Although the assembly will endorse the formation of the ten-nation disarmament forum of five Western and five Soviet-bloc countries organized by the Big Four, some Latin American members will be critical because of the lack of an effective link with the UN. The USSR has already begun to exploit this feeling and the resentment of other UN members at their exclusion from disarmament negotiations.

25X1 [redacted] Soviet delegates are assiduously spreading the story that the United States wanted the new forum to have no ties with the UN and that it was only after the USSR's "heroic work" that the Big Four's communiqué provided for any UN connection. Soviet representatives

are also claiming that Moscow wanted "neutrals" in the new group but that the United States insisted on the "five-five" arrangement.

India again this year has called for a UN ban on nuclear testing. Although New Delhi's proposal will probably be referred to the ten-nation forum for consideration, India may during the course of the debate request a report from the Geneva nuclear test conference participants on the status of the talks, the progress made, and the remaining issues.

Morocco has raised the question of proposed French nuclear tests in the Sahara in an effort to have the UN call on France to desist. Although Rabat wants its item handled separately from other disarmament issues, the assembly will probably refer the problem to the new forum also.

Ireland, working closely with British and American delegates, has agreed to refer its proposal to prevent wider dissemination of nuclear weapons to the ten-nation forum. The Irish want those powers, including France, producing nuclear weapons to refrain from handing over the control of such weapons to any nation not possessing them. Powers not now possessing nuclear weapons, under the Irish proposal, would refrain from manufacturing them.

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BELGIAN FINANCIAL CRISIS

The Belgian Government is heading for a financial crisis which could bring down the Social Christian - Liberal coalition of Prime Minister

Eyskens. While a long-term loan from the Belgian National Bank might stave off a crisis, the bank opposes such a move on the grounds that the solution to

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Belgium's periodic budget deficits is higher taxation. Such a step, however, is opposed by Liberal party leaders--who have threatened to leave the government rather than vote for a tax increase--and by the conservative wing of Eyskens' own party.

The \$180,000,000-\$220,000,000 deficit is partly a reflection of the weak state of the country's economy. Recovery from the 1958 recession has been relatively slower and more limited in Belgium than elsewhere in Europe. The economy is beset with several problems, including high production costs in manufacturing and a serious overproduction crisis in the coal industry.

The situation created by inadequate revenues has been aggravated by the expensive programs to which the Eyskens government is committed, such as subsidization of the coal industry, a school-building program, and gradual extension of a voluntary recruitment plan in the defense forces. Moreover, Brussels seems likely for the first time to have to subsidize the Congo budget.

Temporary measures to cover the deficit have been resorted to in the past and could be

again. The uneasy relationship between the coalition partners and the powerful position of the Socialist opposition, however, has made it difficult to pare major expenditure items. The one exception to this may be defense, which has tended to be a political football. During his recent visit to Washington, Defense Minister Gilson announced an increase in defense expenditures, but Finance Minister van Houtte has stated on several occasions that Gilson's sights are too high.

Over the longer term, the only answer to the government's financial problems would appear to be a new cabinet and higher taxation. The Social Christians and the Liberals are fundamentally at odds on economic issues, as were the Socialists and the Liberals in the 1954-1958 coalition. The Social Christians and the Socialists, however, might be able to come to terms on a more realistic tax program. The Socialists have been gearing their new program with a view toward possible participation in the next coalition government. It is doubtful, however, that this could be achieved without new elections.

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NEW HUNGARIAN FIVE-YEAR PLAN (1961-65)

The Hungarian economic plan for 1961-65, to be approved at the November party congress, is generally realistic. Not all goals are likely to be achieved, however, because of probable difficulties in stretching investments, raising labor productivity, and fulfilling the agricultural production target. Plans include the near-completion of agricultural collectivization,

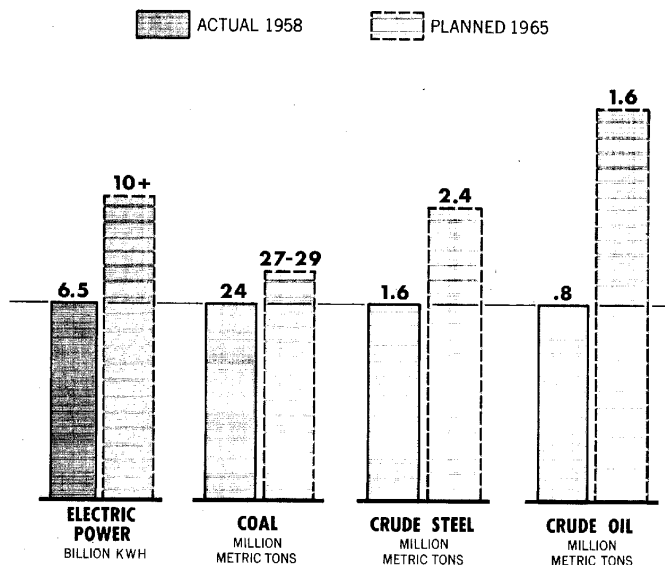
which was advanced so rapidly during the first part of this year, and promise about a 3.5-percent annual rise in per capita real income during this and the next six years.

The increase in total industrial production planned for 1965 over the 1958 level--that is, a seven-year period--is 65-70 percent, or 10 percent higher

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**HUNGARY
INDUSTRIAL PRODUCTION GOALS
FOR 1965**

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than indicated during preliminary discussion of the plan. In both 1958 and 1959 the growth of industry has been greater than the annual average necessary to achieve this higher target. Within industry, output of capital goods is to increase about a third faster than that of consumer goods.

Several programs are mapped out for industry. In addition to developing industrially backward areas, altering still further the composition of industrial output, and expanding the raw material and power base, a reorganization of management is planned. This reorganization, an extension of gradual changes in recent years, is designed to eliminate superfluous positions and enlarge the operational control of lower level officials. The program will apparently be similar to that introduced in Czechoslovakia last year.

In agriculture, the use of artificial fertilizers, is to be increased to three times the present volume, and the tractor pool is to be expanded by 150 percent. Other programs, such as improving irrigation and crop rotation, will also be stepped up with a view to achieving during the 1961-65 period an average agricultural production 30-32 percent above the 1954-58 average. While plans do appear to provide resources for expanding output, the scheduled increase is ambitious, in view of the difficulties in accelerating the growth of the agricultural sector and the push for collectivization --now being met with

peasant hostility.

To implement plans for industrial and agricultural expansion, investment during the 1961-65 period is to be at least 50 percent higher than during 1956-60. Actual investment figures appear to provide for a much larger increase because of price changes on 1 January 1959 which raised the average value of capital goods 68 percent. The planned rise is substantial, however, especially as part of the national income must be allocated to the payment of foreign debts, and as the regime promises to raise per capita real income 26-29 percent by 1965. Higher national income is also expected to permit an increase in material and foreign exchange reserves.

It is doubtful that even a 50-percent rise in investments can be stretched to cover all the programs planned for industry,

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agriculture, and construction. The reliance on a 37-40 percent rise in labor productivity for fulfilling output plans and allowing wage increases also

seems optimistic. The regime will probably make various revisions of individual goals in this plan before the end of 1965.

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RELATIONS BETWEEN CAIRO AND PEIPING DETERIORATE

In providing expatriate Syrian Communist leader Khalid Bakdash a forum from which to criticize Nasir, Peiping has shown it will support Middle Eastern Communists despite the increased frictions with the UAR such a policy was bound to bring. Nasir has recalled the UAR chargé, who had walked out of the Chinese Communist tenth anniversary celebration where Bakdash spoke on 28 September.

A stiff formal protest was sent to the Chinese Communist Embassy in Cairo after Ambassador Chen Chia-kang refused to accept it personally on the grounds he had no instructions from Peiping. The UAR also instructed its officials to boycott all of Communist China's anniversary programs and, in Damascus, resorted to cordoning off the reception given by the Chinese Communist consul.

Closure of the consular post in Damascus has been suggested in the UAR press, which has carried a series of biting editorials since 29 September charging Peiping with "political provocations" against Cairo and with a "policy of invasion and

domination" aimed at all "honest" neutrals. Citing Peiping's feuds with Yugoslavia and India as examples of this "aggressive intent," UAR propaganda is calling on Afro-Asian nations to rally behind Cairo and "stand up against this Chinese trend." This emphasis supports a recent report that Nasir, while genuinely irritated with Peiping's sponsorship of Bakdash, also feels the incident gives him an opportunity to strengthen his position among the neutrals.

Nasir thus is viewed by Peiping as a threat not only to Middle Eastern Communism but to the bloc position among the Afro-Asian nations--more specifically to Communist China's own standing in that group. Peiping has broadcast Bakdash's speech in Arabic but has not yet replied directly to Cairo's propaganda. This suggests a reluctance to become embroiled in an acrimonious exchange before an international audience rather than any desire to placate Nasir. If the UAR attacks continue, however, the Chinese may feel compelled to meet Nasir's challenge with equally abusive counterpropaganda.

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Diplomatically, the Chinese may withdraw their own ambassador until the situation improves. Peiping could also enforce its recent demand that the UAR eliminate its chronic trade deficit. Peiping could threaten to reduce its purchases of Egyptian cotton, which amounted to \$35,000,000 last year.

Peiping's disenchantment with Nasir probably began with what it considered his lukewarm support for Communist China's 1958 action in the Taiwan Strait, especially in view of its own strong political support for Cairo during the 1956 Suez crisis. Chinese suspicion that Nasir's professed friendship was at best unreliable probably became conviction in late 1958 when he began his domestic anti-Communist campaign. Along with the USSR and other members of the bloc, Peiping criticized

Cairo and began to side openly with Iraq.

Communist China's attitude apparently helped stimulate Cairo's attacks on Peiping during its suppression of the Tibetan revolt. Chinese propaganda responded until May, when Peiping attempted to end the public squabble with India and the UAR. Cairo has continued intermittent criticism of Peiping, however, and since mid-July the Chinese have replied periodically. In early September the UAR member of the Afro-Asian Solidarity Council's Permanent Secretariat reportedly took issue with his Chinese counterpart over the Sino-Indian border controversy. This move probably was assessed by Peiping as a deliberate UAR effort to embarrass Communist China and undermine its prestige.

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TIBETAN BORDER PROBLEMS

Nepal and Pakistan, as well as India, are showing increasing concern over their border problems with Communist China and are making efforts to secure their interests in the Himalayan mountain range.

Indian Prime Minister Nehru on 26 September replied in firm language to Chou En-lai's letter of 8 September. Rejecting Chinese charges and standing fast on his previously announced position, Nehru said that "no discussion can be fruitful unless the outposts now held by Chinese forces on the Indian side of the traditional frontier are first evacuated by them and further threats and intimidation cease."

In a press conference on 8 October, Nehru added that his government would not undertake any military operations to recover the outposts "at this stage," while efforts were under way on the political level. New Delhi's insistence on Chinese withdrawal would seem to leave the situation deadlocked unless Peiping takes the unlikely step of evacuating its troops from Longju outpost in Assam, which it occupied forcibly on 26 August.

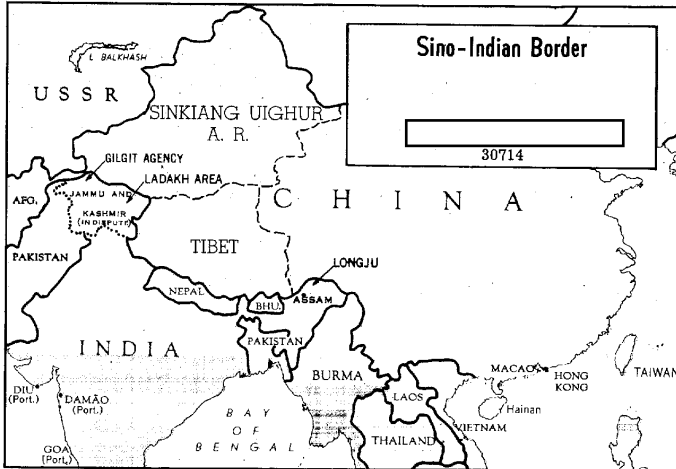
Peiping will probably reply in terms which would not compromise its claims to territory in Ladakh and Assam. It is likely, however, to reiterate its willingness to negotiate.

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on "small isolated places" along the border. With both sides still committed to previous stands, the possibility of bilateral negotiations being arranged in the near future seems remote.

B. P. Koirala, prime minister of Nepal, stated on 26 September that he had no illusions about China's intentions toward Nepal but that he thought his country has a two-year grace period before the Communists begin exerting real pressure. Koirala remarked there had been some discussion as to whether Nepal should take the initiative in defining the Nepalese-Tibetan border more closely or whether to let well enough alone. Recognizing, however, that China would do what it pleased regardless of Nepalese actions, the Katmandu government now feels there is

little to lose in forcing the issue.

Whether Peiping accepts the present boundary, refuses to recognize it, or stalls, the Chinese intentions would be clarified. Nepalese delegates to the 1 October celebrations in Peiping have been instructed to press the matter. Peiping as yet has made no large claim to Nepalese territory, but may not wish to com-

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mit itself irrevocably to recognition of the traditional frontier.

Pakistan's concern over Chinese expansionism, most forcibly publicized when President Ayub suggested to Nehru in early September that India join Pakistan in defense of the subcontinent against China, has apparently been heightened recently. Chinese military patrols have been reported by Pakistani officials since 1950 as crossing from Sinkiang into the Gilgit Agency in northernmost West Pakistan and occasionally exchanging shots with Pakistani patrols. The Pakistanis in the past treated these incursions as routine matter. Within the last month, however, Karachi has sent Northern Scouts units to Gilgit to strengthen its control over the border area.

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INDIAN LEADERS PLAN TO SPLIT BOMBAY STATE

The recent decision by India's top Congress party leaders to reverse the stand they previously had taken against partitioning Bombay State along linguistic lines apparently was

prompted by concern that the Congress' control of Bombay--India's largest and most advanced state--would be seriously threatened by the renewal in the near future of popular

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agitation on this issue. By re-opening the explosive question of Bombay's status, New Delhi probably hopes to avert a campaign of violence patterned after the agitation in Kerala and to improve the party's position for the 1962 elections.

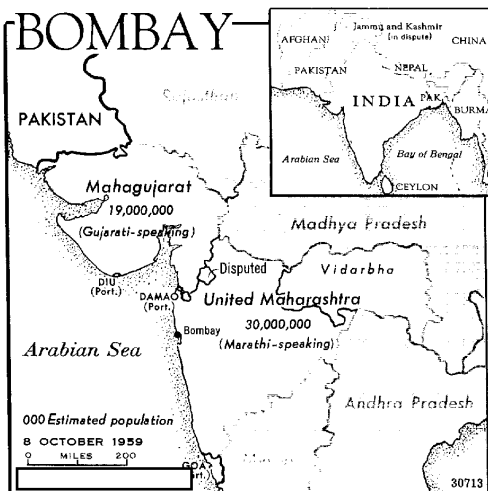
Congress leaders are delaying a formal decision to divide the state, pending consultation with provincial party chiefs, but reliable reports indicate that the reorganization will take effect next April. Two new states--which will probably be called United Maharashtra and Mahagujarat--will be formed out of the areas of Bombay where Marathi and Gujarati, respectively, are the dominant languages. There seems to be agreement that Bombay city, the disposition of which was the main stumbling block in previous reorganization plans, will go to Maharashtra.

First press reports several weeks ago of the shift in the Congress position apparently came as a complete surprise to local politicians. Most Congress party elements in the state welcomed the reversal of policy, although they expressed some misgivings about the difficult problems posed by reorganization.

Strong opposition was voiced, however, by certain Congress leaders in Vidarbha, the central Indian Marathi-speaking area which was integrated into eastern Bombay in 1956. This group has long promoted its own separatist movement and resists inclusion in any "United Maharashtra." The majority of Congress members from Vidarbha in the national Parliament, however, has issued a statement supporting a single Marathi-speaking state, thus increasing the likelihood that New Delhi will

succeed in dissuading the regionalists from pressing their demands.

Non-Congress elements, which in both parts of Bombay are united in powerful linguistic-front organizations, outwardly endorsed the concession



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to their position but indicated some discomfort over the loss of the issue which they have exploited for years. The Communist party will be hardest hit, since the gains it has made in Bombay have resulted primarily from manipulation of the linguistic fronts.

In addition to the demands of Vidarbha, the Congress executive will face many other problems in splitting the huge state. Considerable economic and administrative dislocation will exist for some time after the reorganization, which is likely to retard development programs. The new policy, however, probably will win back many former Congress supporters and should enable the party to recover some of its strength in Bombay State.

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SUKARNO AND THE INDONESIAN ARMY

Although President Sukarno continues to support the Indonesian Army, he has recently demonstrated a renewed concern to balance the army's influence in government by making concessions to leftist political forces. These include his decision to speak at the Communist party's sixth national congress on 16 September, despite the army's attempts to minimize publicity given the meeting. Sukarno has also established a West Irian Committee weighted with extreme nationalists and leftists, which is likely to obstruct the army's anti-Communist efforts.

An impending reorganization of administrative machinery governing the implementation of prevailing martial law seems likely to decrease the powers of General Nasution, army chief of staff and defense minister.

In promoting these developments, Sukarno apparently is motivated by fear that the army may become, if it is not already, sufficiently powerful to overshadow him or to challenge his own position. Rumors of an impending army coup, which have circulated in Djakarta in recent weeks, almost certainly have played a part in making Sukarno uneasy. The rumors appear to have arisen from general apprehension over army influence in government, but they may also have been promoted by the Indonesian Communist party,

which has consistently tried to create dissension between Sukarno and the army.

An army coup directed at replacing President Sukarno or reducing his power appears unlikely at this time, however, unless there is extreme provocation. The army itself would be sharply divided on action against Sukarno, and army leaders in Djakarta are aware that an unsuccessful coup might cause Sukarno to turn almost exclusively toward the Communists for support.

Surrounding the uneasy relations between Sukarno and the army is a growing atmosphere of pessimism in government circles. The return to the 1945 constitution last July has not facilitated solutions to the nation's problems to the extent Sukarno and others had hoped. The constitutional change has not satisfied the demands of Sumatran and North Celebes dissidents, and the financial drain imposed by suppression of guerrilla warfare continues.

In addition, the 43-member cabinet is not operating smoothly and appears to have produced new administrative delays and frustrations. A change in regional government precipitated by the constitution has brought considerable criticism, and efforts to restrict Chinese retail trade have run into far more resistance than the government had anticipated.

MALI FEDERATION MOVING TOWARD INDEPENDENCE

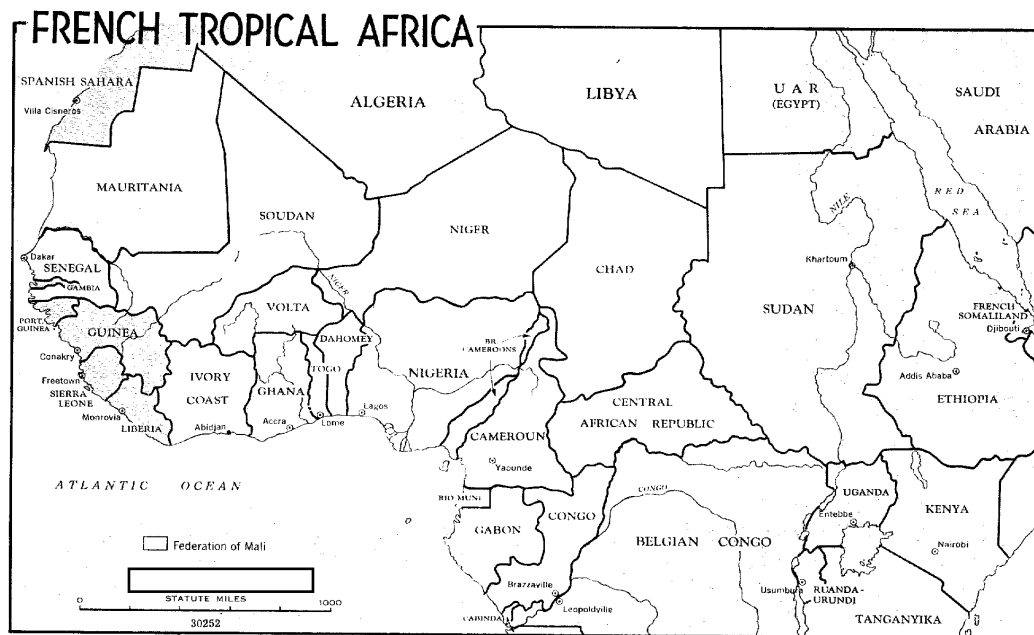
Leaders of the Federation of Mali, made up of the autonomous French Community republics of Senegal and Soudan, have begun to implement their local

political commitment to gain juridical independence for Mali at an early date. They intend to keep this West African area within the Paris-subsidized

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Community, which they hope will be altered so as to include a multinational confederation.

Mali leaders have publicly announced and formally communicated to President de Gaulle their intention to seek independence by invoking an article of the French constitution permitting a negotiated transfer to individual Community members of powers vested in the organization as a whole. At present the Community--which in effect means Paris--is responsible for foreign policy, defense, economic and financial policy, justice, and higher education.

Some younger, radical Sudanese elements within the federation's dominant party have favored use of the constitution's more dramatic referendum procedure to gain Mali's independence. The moderate leaders have declared, however, that this course, which would presumably lead to Mali's abrupt departure from the Community, would be considered only if the contemplated negotiations with

France fail. De Gaulle, with his recent emphasis on the Community's "evolutional character," seems to have accepted in principle the Mali leaders' cautious approach.

Mali assembly President Leopold Senghor has told the American Consulate General in Dakar that the negotiations with France will probably begin soon after the meeting of the Community's Executive Council scheduled for 11 December. New bilateral agreements are to be concluded with France following the proclamation of Mali's independence--probably during 1960, when the West African states of Cameroun, Togo, and Nigeria all are due to evolve to sovereign status. Mali's leaders apparently envisage that these agreements will authorize Paris to assume specific responsibilities for Mali in such fields as defense, diplomacy, and higher education.

Senghor indicated, however, that Mali intends to seek international recognition--including separate UN membership--and to

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open embassies of its own in France, the United States, Britain, neighboring African states, and, after "a couple of years," the USSR. Closer relations with Guinea are not now contemplated despite some internal pressures in this direction.

Mali's evolution seems certain to prompt other Community members to reappraise their positions vis-a-vis France. The Malgache Republic (Madagascar), in particular, is likely to

follow Mali's lead soon. Even the anti-Mali grouping which Premier Houphouet-Boigny of the Ivory Coast formed with Volta, Niger, and Dahomey will be subject to new strains. Opposition forces favoring closer alignment with Mali already are gathering strength at least in Volta and Dahomey, and in Houphouet's own camp there appears to be a growing conviction that his policy of closer rather than looser ties with France must soon be revised. 25X1

STATE OF SIEGE ENDS IN BOLIVIA

The lifting of the state of siege in Bolivia on 30 September suggests that the split between the moderate and left wings of the government party, the Nationalist Revolutionary Movement (MNR), has been bridged at least temporarily, as political leaders prepare for the 1960 presidential election campaign. Closer cooperation between the two MNR factions is likely to result in less criticism by the left wing of the administration's cooperation with the United States. The MNR nominations for president and vice president--which are tantamount to election--will be made at the party convention, now scheduled to open on 10 December.

A moderate-left split has been a persistent feature of the MNR's seven-year dominance in Bolivia. In mid-September the long-standing possibility that the MNR might break into two political parties seemed near fulfillment. About 100 leaders, meeting in La Paz with Minister of Government Guevara, organized a moderate rightist group called the "authentic MNR" and issued formal membership cards. Press revelations of this activity caused the executive secretary of the new group to offer evidence that the left wing under labor leader Juan Lechin has

also been organized with equal formality.

After President Siles had talked with various aspirants for the 1960 election, including former President Paz, however, the MNR's national political committee on 28 September issued a communiqué dissolving "sectors" and suspending anyone continuing efforts to organize "fractionalist groups." Shortly thereafter, the government signaled the relaxation of political tension by withdrawing the state of siege, which permits tight control of public assembly and individual travel and which has been a fairly normal feature of MNR administrations.

The compelling reason for party unity appears to be the presidential elections. In the 1956 and 1958 elections--the only elections held with universal suffrage--the MNF polled 81 percent of the total vote. Thus nomination as president or vice president by a united MNR ensures electoral victory, whereas fragmentation of the party would make the outcome unpredictable. In Bolivia, unlike many Latin American countries, party organization is more important for electoral victory than personal leadership. 25X1

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DOMINICAN POLITICAL SITUATION WORSENS

Latin America's toughest and most durable dictator--Generalissimo Rafael Trujillo of the Dominican Republic--is facing more internal opposition to his regime than at any time since he came to power in 1930. The Dominican people, who had become accustomed to the prosperity which Trujillo brought them, now are showing disillusionment over the economic hardships caused by heavy military expenditures made during the past year. Dissidents are more active and outspokenly critical of the regime than at any time in the past.

Trujillo believes the military expenditures--estimated to have totaled \$50,000,000 since January--are necessitated by the threats of armed intervention by his two bitter enemies, Cuban Prime Minister Fidel Castro and Venezuelan President Romulo Betancourt. Cuban- or Venezuelan-based rebel invasion attempts do not appear imminent, however.

Trujillo probably faces more dangerous opposition from inside the country, where dissidence is growing but is still largely unorganized. This opposition is centered in the professional and middle classes, which have been severely affected by the economic deterioration. Another small but growing group of dissidents consists of friends and relatives of persons liquidated or persecuted by the regime and of women victimized by younger members of the Trujillo entourage closely associated with the dictator's sons.

[REDACTED] A series of diplomatic and military defections abroad during the past three months are additional indicators of Trujillo's falling prestige.

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TRUJILLO

Intensive recruiting abroad for a "foreign legion" by Trujillo agents suggests that the dictator may doubt the competence of his army, which suffered heavy casualties during the June fighting against insurgents. However, many of the mercenaries already recruited reportedly are in jail for refusing to fight.

The economic situation is likely to worsen because of continued military spending, the expected decline in foreign exchange earnings, and the all-time low in tourist trade. If the economic recession continues to cause more unemployment and economic distress, resentment against Trujillo will increase.

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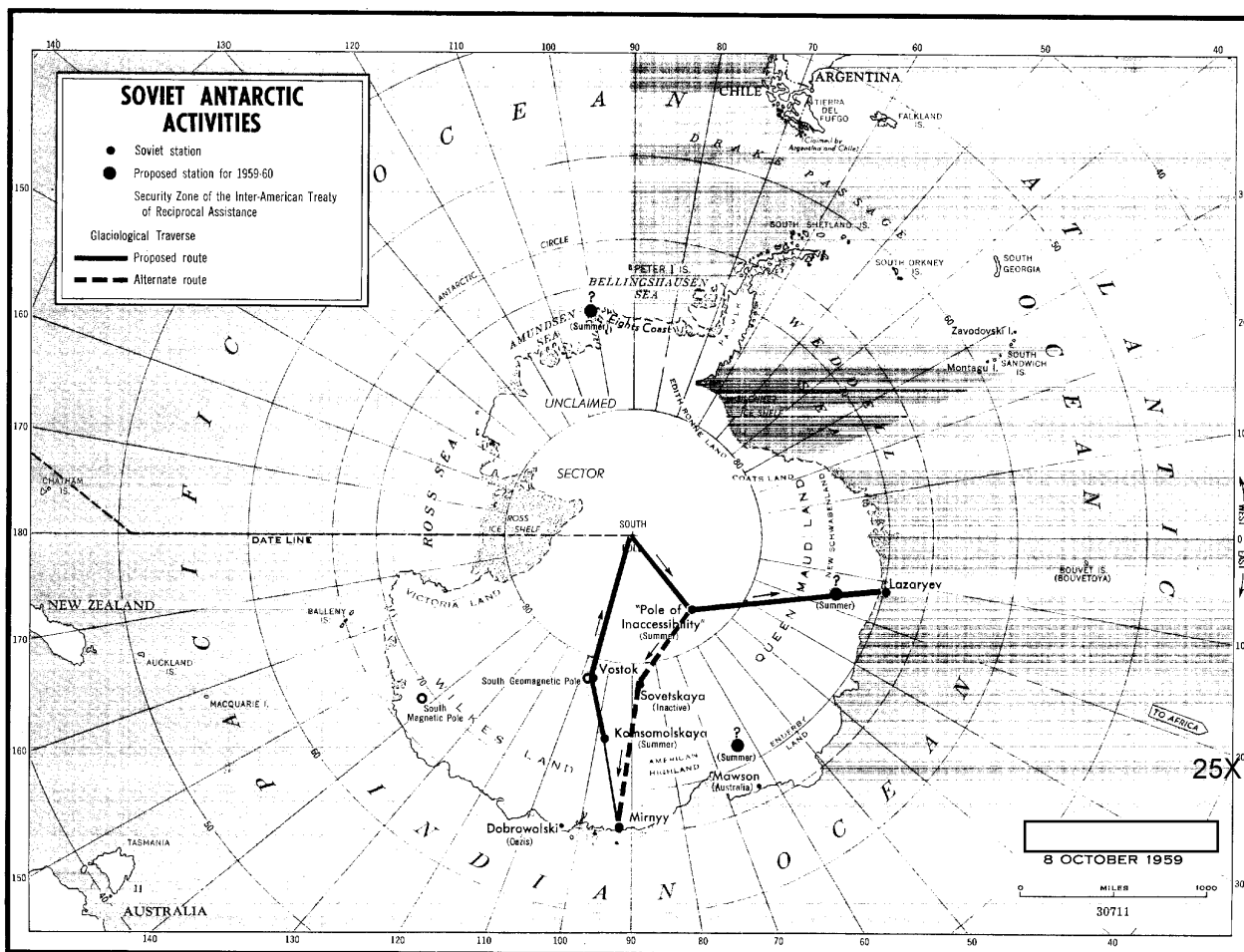
SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****8 October 1959****PART III****PATTERNS AND PERSPECTIVES****EXPANSION OF SOVIET ACTIVITIES IN ANTARCTIC**

Recent Soviet announcements indicate not only a noteworthy expansion of the USSR's activities in the Antarctic but a possible broadening of other bloc countries' activities there as well. The Soviet fifth expedition (1959-60) will probably establish three new temporary stations, make the USSR's third attempt to land a party in western Antarctica, and seek to complete a trans-Antarctic glaciological traverse by June 1960. Soviet announcements indicate long-range Antarctic

scientific planning through 1965 by the presidium of the Soviet Academy of Sciences.

Soviet Operations

The Ob, flagship and four-season veteran of Soviet Antarctic operations, will sail early in November. It will be followed by a passenger-cargo vessel scheduled to land nearly 160 personnel with supplies and equipment, including an IL-14 transport, an LI-2 transport, and a MI-4 helicopter. The Ob,

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after unloading at Mirnyy and Lazaryev, will proceed to the western Antarctic, in the area of the Bellingshausen Sea, for an attempted landing and geological studies. If the attempt by sea should fail, a landing could be made by the Ob's AN-2 biplane, which has the necessary range and cargo-carrying capacity. The total voyage of the Ob is expected to last six to seven months.

The three presently functioning year-round Soviet stations--Mirnyy, Vostok, and Lazaryev--will continue operations. On 1 October, an LI-2 made the first flight from Mirnyy to Lazaryev. One of the projects of these stations will be the previously announced attempt at a trans-Antarctic glaciological traverse to be completed in the Antarctic autumn (March-June) of 1960. The last contingent of personnel, equipment, and supplies for this project left Mirnyy on 27 September for Komsomolskaya, a Soviet summer station where the train for the trans-Antarctic trek will be organized. The traverse will proceed from Komsomolskaya to Vostok and, if possible, Lazaryev, via the US-operated South Pole Station and the now inactive Soviet station, "Pole of Inaccessibility."

From the Lazaryev station, which eventually is to be expanded to a complement of 25, the USSR plans "to compile the first geological map of the mountains of Queen Maud Land."

Two of the three new stations to be established will be set up as aids in the trans-Antarctic operation, one south of Lazaryev, and the other near the Australian Mawson station. In addition, the Komsomolskaya and Pole of Inaccessibility stations will probably function

as auxiliary stations for the trans-Antarctic traverse if it is able to continue toward Lazaryev.

The third new station may be set up in the heretofore inaccessible Bellingshausen area (in the unclaimed sector), an objective announced in 1958. Although this area has to date defied the most powerful American icebreakers, the Soviet Union probably feels confident that the establishment of a station there now is feasible as a result of extensive ice reconnaissance undertaken in the vicinity of the Amundsen and Bellingshausen seas by the Ob in April 1958 and by the 26-vessel Slava whaling fleet in early 1959.

Soviet success in this project prior to a renewed American attempt to penetrate the sector--planned for early 1960--would undoubtedly be widely exploited by Soviet propaganda. Moreover, establishment and maintenance of such a station could ultimately challenge the primacy of American rights in the unclaimed sector and cause concern in Chile and Argentina. It might also cause some concern to all signatory powers of the Inter-American Treaty of Reciprocal Assistance, since a Soviet station in the unclaimed sector would be near the outer limit of the security zone established by that treaty.

Bloc Participation

Among the members of the fifth Soviet expedition will be scientists from three other bloc countries. East Germany and possibly Communist China plan to participate for the first time, Czechoslovakia for the second. East German participation may be an attempt to seize bloc initiative in exploiting

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German interests built up by prewar German Antarctic activities--the Federal Republic excluded Antarctica from its IGY and subsequent programs. Chinese participation would suggest a maneuver to test the sincerity of the anticipated US-initiated treaty to assure freedom of Antarctic research to all countries. Eighteen Poles will travel to Antarctica with the Soviet expedition and 11 will remain for the winter at the former Soviet station, Oazis.

Long-Range Plans

Announcements of new whaling ship construction indicate that the USSR plans to supplement its Slava-fleet operations in the Antarctic by adding three new whaling fleets. The Soviet-skaya Ukraina, a 44,000-ton factory ship, will begin operations this season and construction has begun on a sister ship, the Sovetskaya Rossiya. The Yuriy Dolgorukiy, a 40,000-ton factory ship, is being built in East Germany. Thus the USSR may within four to five years have close to 60 whalers and support vessels in Antarctic waters accompanying these factory ships. This might lead not only to Soviet domination of the industry but also to a breakdown in international controls over it.

In a TASS broadcast of 13 September, Treshnikov, head of the 1956-57 Antarctic expedition, issued the first public

statement that the atomic ice-breaker would be used in the Antarctic as well as in the Arctic. Although probably not intended for use in the coming season, the Lenin could eventually increase the period of Antarctic operations and would probably increase their capabilities.

The chairman of the Soviet Antarctic Commission announced in July that "Soviet aircraft will soon make nonstop flights from Moscow to Mirny." Soviet flights to Antarctica, using an unspecified four-engine aircraft, were planned as early as 1955, but subsequent transit rights via the Cocos Islands and Perth, obtained from Australia by negotiation, were never exercised. Whether the Antarctic landing facilities can be made adequate for large aircraft is as yet uncertain.

Soviet motives for such an undertaking--involving more than 9,000 nautical miles of flight or 7,600 nautical miles by the great circle route, well beyond the estimated commercial range of any known transport--undoubtedly include a desire to increase the flow of key scientific personnel and supplies to Antarctica, although cargo space would be limited because of the fuel requirements of such a long non-stop flight. In addition, Soviet air capabilities would be demonstrated in a spectacular fashion.

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ULBRICHT REGIME PLANS TRANSFORMATION OF EAST BERLIN

In connection with the celebration of East Germany's tenth anniversary on 7 October, the Ulbricht regime is publicizing ambitious plans to transform East Berlin into a showplace of German "socialist culture" and a suitable "national" capital to rival West Berlin. The program, which forms part of East Germany's Seven-Year Plan (1959-65), is also designed to demonstrate the regime's determination not to permit East Berlin to become a part of any "free city" of Berlin.

Character of East Berlin

The Soviet sector of Berlin presents a sorry contrast to prosperous West Berlin. Government buildings are shabby, and the reconstruction of several years ago along Stalinallee not only is ugly but fails to hide the bombed-out quarters behind the new buildings. Traffic, away from the main arteries, is scanty; streets are badly lighted and in need of general modernization. East Berliners live in cramped



apartments, of which there are not enough even for the city's dwindling population of 1,110,000. Retail facilities are scarce, badly stocked, and inefficient. Foodstuffs are often in short supply.

East Berlin nevertheless holds a leading place in the country's economic life. Its per capita consumption of essential foodstuffs and consumer goods is considerably in



excess of that of East Germany as a whole. Industries in East Berlin provide employment for most of the local labor force of more than 611,000 (as against 8,676,000 for all of East Germany) and constitute a major element in the nationalized industry of East Germany.

New Government Center

To improve the dismal physical features of East Berlin, the Ulbricht regime has consolidated earlier projects for piecemeal improvements there and, under a "great leap forward" slogan, has planned a sweeping transformation aimed at developing the Soviet sector into a rival of West Berlin.

Major emphasis is to be given to the complete reconstruction of the city center. The Marx-Engels Platz, now a graveled parade ground, will be the focus of the rebuilt city, with government and party headquarters located there or nearby.

The central committee of the Socialist Unity (Communist)

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party (SED) and the SED district organization for East Berlin have recently moved into the newly renovated building formerly occupied by the Ministry of Finance on the Werdersche Markt. There, under heavy guard, all major party functions will be concentrated alongside the center of the government.

Underlining East Germany's pretensions to sovereignty, the

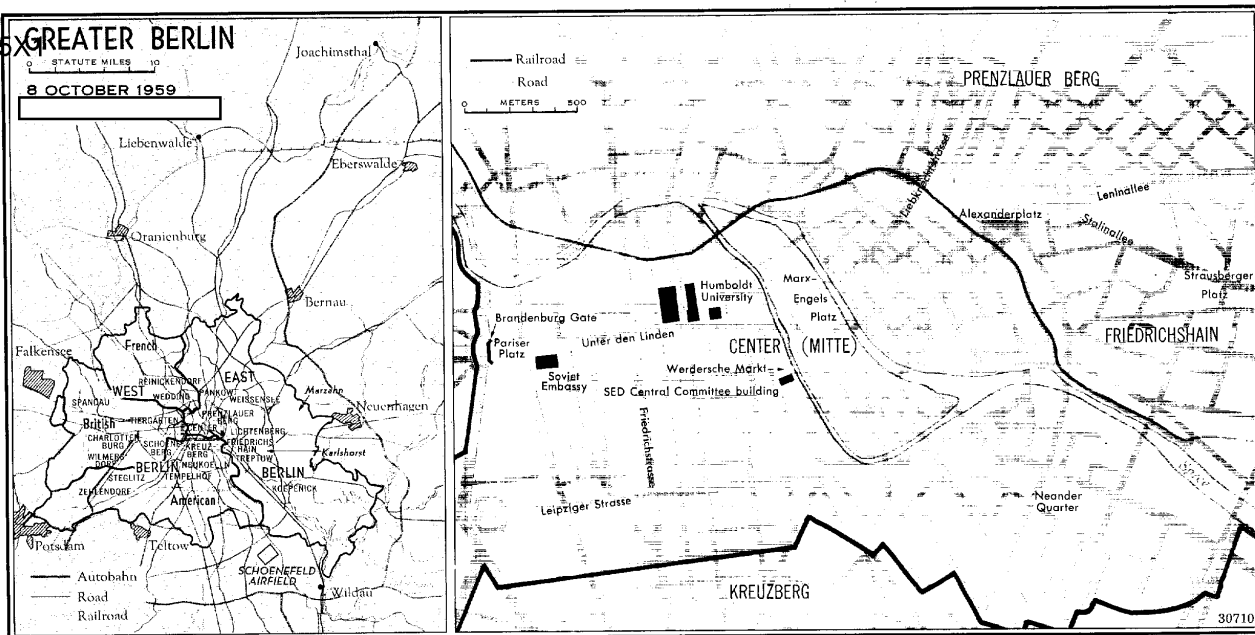
Seven-Year Plan calls for converting Unter den Linden into a center of diplomatic life, as it was before World War II. New buildings will be constructed for the Ministry of Foreign Affairs and the Ministry for Internal German Trade, adjacent to the Pariser Platz and practically in the shadow of the Brandenburg Gate.

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Tourist Center

Friedrichstrasse, in the city's center, is to be developed as a major tourist center. The East German travel agency, a major hotel, and the East German airlines headquarters will be located there.

The regime's program emphasizes the intention of making the Schoenefeld airport, located just to the southeast

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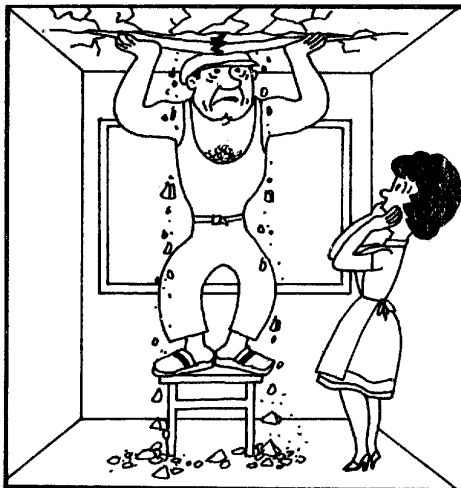
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of East Berlin, a center of jet service for both East and West Berlin. Plans include construction of an 11,800-foot runway to accommodate Soviet TU-114s. Construction of the runway was inaugurated on 7 March by Communist youth brigades. Construction of the airport's new rapid transit (S-Bahn) connection with East Berlin--scheduled to be completed between 1962 and 1964--has not begun.

New "Socialist" Developments

With a view to enlisting popular support, the regime is emphasizing its plans to build extensive housing developments and construct adequate cultural and shopping facilities for East Berliners. Some 77,000 new apartments are promised for the city, to be completed by 1965, at a cost of approximately \$400,000,000 with a further \$180,000,000 earmarked for reconstruction and beautification.

One major redevelopment scheme centers around Alexanderplatz and Strausberger Platz. This is to include a top-flight movie house, a new concert hall, a "workers" theater, and a so-called All-German Social



"Damn it! I should have taken a second look when I picked this apartment.... I worked on this one myself."

Political Center for Popular Education. In the area will be a fashion center--obviously an attempt to compete with West Berlin's status as a major German center of haute couture. Concurrently, the Leipziger Strasse area will become the center of the printing and publishing industry.

Plans for rebuilding the city include reconstruction of districts near the center--Prenzlauer Berg and Friedrichshain--

and, southeast of the center, the Neander Quarter is to be provided with apartments for 5,000 persons. Lichtenberg, Weissensee, and Pankow are also slated for eventual overhauling, while Treptow and Koepenick will receive more immediate attention. The plan emphasizes the development of recreational facilities in East Berlin and in the northeastern suburbs of Bernau, Oranienburg, Liebenwalde, Joachimsthal, and Eberswalde.



"Look....one key is for you, the others are for the repairmen who will probably have to spend some time in your apartment next year."

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The regime has warned East Berliners that progress in reconstruction will depend on major progress in the construction industry, which, however, is already in the throes of various difficulties. Suggesting that many more pitfalls lie ahead, the East German satirical magazine Eulenspiegel recently lampooned East Berlin's chief architect for jerry-building.

Keyed to the October celebration, the regime has scheduled a number of special "voluntary" workdays to clear away rubble and beautify the city. In Treptow, for example, SED central committee employees and local government officials took up picks and shovels on 12 August to remove debris.

Retail Trade

Regime media are using all the Communist publicity devices to convince East Berliners that their life will be better in coming years. This campaign is pointed up by SED boss Ulbricht's remarks on 13 August that a number of failures in East Berlin city management had been discussed by the SED politburo. Subsequently, a special Neues Deutschland "brigade" published a series of articles pointing out inadequacies in hardware stores, clothing shops, and groceries and featured, as a forward step, a self-service grocery.

Such criticism covers a sharp increase in the tempo of socialization of private retail trade. An East Berlin newspaper reported on 11 September that there had been a 300-percent increase in the number of socialist-type partnership agreements between the government and private enterprises signed in the first eight months of 1959 in comparison with 1958.

Cultural Plans

The regime is making every effort to build up Humboldt University as a rival to the Free University of West Berlin and other West German universities. Under the plan, some \$13,000,000 will be earmarked for reconstruction of its buildings and construction of new institutes and research facilities.

Probably in part to counter Western charges that the East German medical profession has been crippled by the flight of hundreds of medical men to the West, the regime is promising improved medical facilities for Humboldt University and various hospitals, including the large Charité hospital.

Industrial Center

The investment of over \$500,000,000 for expansion of East Berlin's industrial capacity constitutes an important part of the seven-year plan to make the city a real competitor with West Berlin. Special emphasis is placed on increases in key industries, as follows: electro-technical (143 percent), machine building (125 percent), and chemical production (77 percent). Certain plants are to be regrouped and reorganized, including the Bergmann Bersig plant, the largest producer of power-generating equipment in East Germany. Some of this construction includes projects for important industrial housing--for example, a whole new area in Friedrichsfelde-Marzahn.

While emphasizing expansion of such key industries, the regime is also underlining improvements in consumer goods producing plants, including a new furniture factory and expanded and improved garment factories.

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Discussion by high regime officials clearly reveals that these plans are designed to overcome serious inadequacies in the city's over-all industrial production performance. East Berlin party boss Paul Verner stated in mid-August that there had been serious lags in meeting the plan in the first three months of the year and that the lags had not been made good during the next four months. At the first regional conference for East Berlin, held in late August, Lord Mayor Friedrich Ebert disclosed that the city is twelfth in plan fulfillment among the 15 East German districts, while the official report for the first six months of 1959 shows that it registered the second lowest increase of all districts.

Improved Transportation

The seven-year plan for East Berlin calls for three new bridges over the Spree River, street widening, construction of a new Wilhelm-Pieck-Ring in the city center, and fluorescent lighting of some avenues. Similarly, the whole

public transportation system is to be gradually improved.

Prospects

The regime will make every effort to carry out the main lines of its ambitious program for East Berlin, although it probably will fail in many details. There is no reason to think that--in the absence of far-reaching adversities--East Berlin will not become a more modern and more attractive city during the next seven years.

Like all phases of the Seven-Year Plan, however, the plan for East Berlin depends on whether the East German economy succeeds in taking the "giant leap forward" that the leadership demands. In the event that financial stringencies and uninspired Communist building methods continue to circumscribe the rebuilding effort, the new city is likely to be characterized by the same ugly, monotonous, shoddy construction that marked the Stalinallee housing development. This would be a far cry from the well-built, imaginative, and attractive development in West Berlin.

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GHANA AS AN INDEPENDENT STATE

Since 6 March 1957, when Ghana became the first tropical African state to evolve from colonial to independent status, Prime Minister Nkrumah's regime has made considerable progress in consolidating its power at home and in extending its influence abroad. Domestic opposition has been largely stifled, a neutralist course not unfriendly to the West has been charted, the economy has been kept on an even keel, and Accra has become a focal point of militant pan-Africanism. Concepts of Western-style democracy have suffered, however, and basic weaknesses are already impeding the progress of this "model" African state.

When Britain's former Gold Coast colony emerged as the sovereign, Commonwealth state of Ghana, the specter of civil war still hung over this West African land of approximately 5,000,000 largely illiterate persons. Although Kwame Nkrumah's Convention People's party (CPP)--the Gold Coast's first genuine mass movement--had already been in office for six years, tribal leaders and conservative cocoa farmers, especially in the Ashanti region, were by no means reconciled to the modern, unitary, nation-state which the American-educated Nkrumah was determined to create.

Sporadic violence involving armed adherents of the CPP and its traditional opponents--who sought a federal system with wide regional autonomy--had flared in 1954 and 1955. On the eve of independence in 1957, the CPP government finally accepted Britain's compromise constitution providing for the future establishment of regional assemblies and incorporating "entrenched clauses" designed to safeguard the vital interests of Nkrumah's foes. However, his regime, which had been returned to power in July 1956 with 72 of 104 seats in the legislature,

made no secret of its determination to alter at the earliest opportunity the clauses to which it objected.

Nkrumah's Domestic Record

Since gaining full control of Ghana's affairs, Nkrumah and his cohorts have succeeded in radically transforming the uncertain domestic political situation which prevailed 30 months ago. Formerly powerful tribal chiefs, the principal bulwarks of his opposition and the old social order, have been politically neutralized and brought under control. Tribal institutions which conflict with the



NKUMAH

CPP's program to modernize and centralize Ghana are under heavy attack and appear to be weakening.

The overt, organized political opposition--which in 1957 combined in the United party (UP)--seems headed for early extinction; its parliamentary strength has already dwindled, as a result of defections and lost by-elections, from 32 in March 1957 to 18. The "entrenched clauses" have long since been swept away, as have practically all constitutional restraints on the executive authority, which can now amend the constitution by a simple

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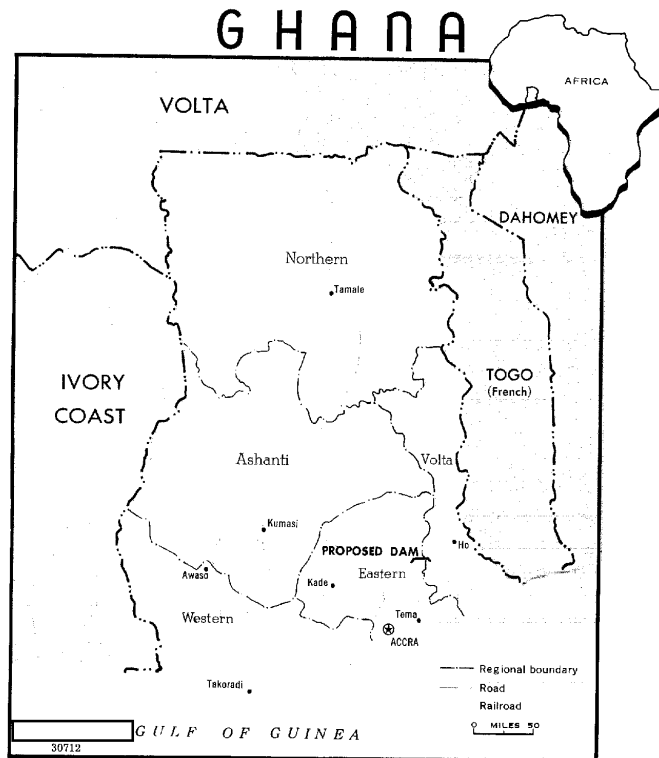
majority vote in the legislature. Farmers and especially organized labor have been brought under increasingly firm control.

Meanwhile, the CPP has increased its legislative strength to 83 seats and extended its influence --once limited largely to southern Ghana --throughout the country. To most Ghanaians the party appears to have become virtually synonymous with the government itself.

These developments have been aided by favorable economic conditions, the steady erosion of the traditional social structure, the opposition's inability to develop effective leaders or frame a program capable of attracting mass support, and the CPP's own popularity, superior resources, and more effective organization. In addition, the regime has not hesitated to capitalize on its ability to allocate development funds nor to harass, intimidate, and coerce its opponents, especially through the use of powers of deportation and preventive detention.

The latter measure, enacted in mid-1958, enables the government to detain without trial for up to five years any citizen suspected of acts prejudicial to the defense or security of Ghana. Within the past year some 40 UP adherents, including two members of the National Assembly, have been imprisoned under this law. The regime has recently enacted still further repressive legislation for dealing with its opponents in the name of state security.

Such measures, coupled with the government's increasing



tendency to equate all opposition with disloyalty, if not treason, endanger the future of Western democratic concepts in Ghana. Nevertheless, Nkrumah has not actually acted unconstitutionally and still professes his determination to maintain free elections. Even the regional assemblies were eventually created--and subsequently abolished--in accord with the letter if not the spirit of the constitution.

Furthermore, evidence is strong that opposition elements have in fact been involved in conspiratorial activity with revolutionary overtones. Also, some such coercive measures were probably necessary to hold in check the powerful centrifugal forces inherent in Ghana's still largely tribal society.

Economic Developments

Thanks largely to the general buoyancy of the world cocoa market, to which it is the largest single contributor, Ghana

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has managed to maintain intact the stable, Western-oriented economy inherited from Britain. Under Nkrumah it continues to enjoy a balanced budget, a sound currency, one of the highest per-capita incomes in tropical Africa, and--for an underdeveloped country--a remarkably even distribution of wealth. Furthermore, its foreign debt is still insignificant and its sterling reserves, while somewhat reduced since independence, amount to approximately \$300,000,000.

So far, however, Nkrumah has made little real progress toward lessening the economy's dependence on cocoa or toward speeding its slow rate of expansion in recent years. Per-capita output, stalled since 1951, apparently dropped in 1958. Over this period public investment totaled about \$350,000,000, but was not adequately supplemented by private investment of a productive nature. In this connection, inherent economic limitations on profit opportunities in Ghana have inhibited the concerted effort made by the theoretically socialist Nkrumah government to attract foreign private capital. Domestic private capital available for investment remains a negligible factor.

This reticence of potential foreign investors has so far blocked the proposed \$600,000,000 Volta River power-aluminum project to which the regime is politically committed. Nkrumah is still hoping that Western aluminum interests will make the scheme eligible for World Bank support by undertaking to finance a smelter; if such Western financing is not forthcoming, he is likely to look elsewhere. Kaiser Industries now is exploring prospects of forming a consortium.

Meanwhile, the government has embarked on an ambitious Second Development Plan which calls for public investment of \$390,000,000 on general development and \$280,000,000 on hydro-electric power development over the five-year period which began

1 July. Like the Volta project, its full implementation would require heavy foreign borrowing.

Foreign Affairs

Nkrumah has gained wide publicity and considerable prestige for himself and Ghana through his militant activities on behalf of the "total liberation" of Africa and the pan-Africanists' ultimate goal of a United States of Africa. In quick succession last year he promoted the first Independent African States conference, the proclamation of a "union"--still largely unimplemented--with the new state of Guinea, and the organization of a non-governmental African "people's" movement with headquarters in Accra.

He thus boldly challenged Cairo's pretensions to African leadership. However, neither this rivalry nor Ghana's considerable contacts with Israel has precluded the development of friendly personal relations, and, recently, a tactical working alliance between Nkrumah and UAR President Nasir.

More conservatively inclined elements--such as President Tubman of Liberia and moderate African leaders in nearby French areas and in soon-to-be-independent Nigeria--have resented, and endeavored with increasing success to frustrate, Nkrumah's attempts to assert a leadership role in African affairs.

Among these elements there was widespread satisfaction when the Ghanaian premier suffered a major setback at the West African "summit" conference attended by Tubman, Nkrumah, and Guinea's Sekou Touré in Liberia last July. Nkrumah's program for an immediate, relatively close union among existing African states, to which others would be invited to adhere as they became independent, was rejected in favor of the more cautious approach toward a looser association advocated by Tubman.

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Ghana's African policy has inevitably impaired, in varying degrees, its relationships with the colonial powers, including Britain. Nevertheless, Nkrumah, who was recently appointed a privy councilor, is expected to keep Ghana within the Commonwealth when he transforms it from a constitutional monarchy to a republic, probably in the near future. Relations with France have deteriorated especially sharply in recent months, as Accra has intensified its propaganda attacks against the new French Community and the French-supported regime in Cameroun, taken a leading role in the widespread African condemnation of Paris' plans to test nuclear weapons in the Sahara, and recognized the Algerian rebel government.

On the world stage, Nkrumah's proclaimed policy of "positive neutralism and nonalignment" has in practice been generally sympathetic toward the West--especially the United States--and wary of entanglements with the bloc. Largely as a result of bloc initiatives, however, Ghana's contacts with Communist countries have been increasing since late 1958. East Germany, Poland, and Czechoslovakia now have permanent trade delegations in Accra, and in August the Soviet Union established the first bloc diplomatic post there.

Although Nkrumah has apparently not as yet been offered any significant long-term economic aid by the bloc, Ghana's development plans will provide continuing opportunities for economic penetration--especially if Western financing does not materialize in the amounts anticipated. Meanwhile, the growing numbers of bloc personnel in Accra will probably attempt to cultivate indigenous leftists and pro-Communists, some of whom occupy high places in the government, the CPP, and the labor movement.

Weaknesses

Despite, and to some extent even because of, its successes, the Nkrumah regime suffers from serious weaknesses and deficiencies which it appears unable or unwilling to remedy. Both in the formation and execution of policy it tends to be indecisive, impulsive, arbitrary, and capricious. There is an increasing tendency to rely on words rather than actions and for prestige considerations to become decisive--as in the decision earlier this year to create a navy and air force and add an armored unit to Ghana's 5,000-man army. Public morality is undermined by the almost certain involvement of top-echelon officials in large-scale corruption.

Administrative efficiency suffers from Nkrumah's growing preference for personal rule, from the politicians' distrust of civil servants, and from overemphasis on political considerations. Moreover, there are potentially serious rivalries and frictions within the overcentralized CPP, as well as accumulating evidence that its basic vitality may be ebbing.

These and other deficiencies, aggravated by the removal of all restraints on the executive authority and the continued nonexistence of an informed and energetic public opinion, are already a handicap to the country's progress. In time they seem certain to result, assuming the CPP maintains its unity and monopoly of power, in a slower rate of social and economic development and in decreased prestige and influence abroad. They could contribute eventually to the creation of a powerful new opposition and to a power struggle which could undermine Ghana's present internal stability.

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